

Christopher E. Hanba (admitted *pro hac vice*)
 Email: chanba@dickinson-wright.com
 Joshua G. Jones (*pro hac vice* pending)
 Email: jjones@dickinson-wright.com
 DICKINSON WRIGHT PLLC
 607 W. 3rd Street, Suite 2500
 Austin, Texas 78701
 Telephone: (512) 770-4200
 Facsimile: (844) 670-6009

David Shane Brun (State Bar No. 179079)
 Email: sbrun@kslaw.com
 KING & SPALDING LLP
 601 South California Avenue, Suite 100
 Palo Alto, CA 94304
 Telephone: (415) 318-1245
 Facsimile:

Jonathan D. Baker (State Bar No. 196062)
 Email: jdbaker@dickinson-wright.com
 Mark H. Rogge (State Bar No. 298381)
 Email: mrogge@dickinson-wright.com
 Dino Hadzibegovic (State Bar No. 267489)
 DICKINSON WRIGHT RLLP
 800 W. California Avenue, Suite 110
 Sunnyvale, CA 94086
 Telephone: (408) 701-6100
 Facsimile: (844) 670-6009

Angela Tarasi (*pro hac vice* pending)
 Email: atarasi@kslaw.com
 KING & SPALDING LLP
 1401 Lawrence Street, Suite 1900
 Denver, CO 80220
 Telephone: (720) 535-2319

***Attorneys for Defendants
 F5, Inc. and Capital One Financial Corporation***

***Attorneys for Plaintiff
 SunStone Information Defense, Inc.***

**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 OAKLAND DIVISION**

SUNSTONE INFORMATION DEFENSE,
 INC., a Delaware corporation,

Plaintiff,

v.

F5, INC.,
 a Washington corporation, and CAPITAL
 ONE FINANCIAL CORPORATION, a
 Virginia Corporation

Defendant.

Case No. 4:21-cv-09529-YGR

**JOINT CASE MANAGEMENT
 STATEMENT AND [PROPOSED] ORDER**

The Parties to the above-entitled action, Plaintiff SunStone Information Defense, Inc. (“SunStone”) and Defendants F5, Inc. (“F5”) and Capital One Financial Corporation (“Capital One”), jointly submit this JOINT CASE MANAGEMENT STATEMENT pursuant to this Court’s January 21, 2022 Order (Dkt. No. 78), the Standing Order for All Judges of the Northern District of California, and Civil Local Rule 16-9.

1 **1. Jurisdiction & Service**

2 This Court has subject matter jurisdiction over SunStone’s patent infringement claims
3 and Defendants’ counterclaims pursuant to 28 U.S.C. §§ 1331 and 1338(a). The Eastern District
4 of Virginia transferred this action to this Court under 28 U.S.C. § 1404(a) (Dkt. No. 59). Venue
5 and personal jurisdiction are not contested. Service has been effected on all of the Parties.

6 **2. Facts**

7 **a. Plaintiff’s Statement**

8 SunStone asserts against Defendants willful infringement of U.S. Patent Nos. 9,122,870
9 (“’870 Patent”), 10,230,759 (“’759 Patent”), and United States Patent Application Serial No.
10 16/298,537¹ (collectively, “Asserted Patents”). The Asserted Patents are directed to
11 communications between servers and client devices. The patented inventions create an extended
12 set of codewords for use with a user of a client device to validate that a malicious application is
13 not interfering with communications. Dr. Ford conceived of SunStone technology from his
14 experiences providing information security consulting services in Silicon Valley for the banking
15 industry. The SunStone solution has proven to be almost impenetrable to malicious system
16 attacks which has been recognized by the U.S. Government. SunStone’s technology has been
17 commercially implemented, including by the NSA.

18 F5 willfully infringed the Asserted Patents through its products operating on websites by
19 changing the source code constantly to prevent automated attacks. In late 2013, Dr. Ford reached
20 out to Ted Schlein at Kleiner Perkins, who was an investor and member of Shape’s Board of
21 Directors, notifying Mr. Schlein of SunStone’s patented technology. Shape subsequently
22 incorporated SunStone’s technology in its products and patent applications.

23 **b. Defendants’ Statement**

24 On January 1, 2021, SunStone filed the present action against F5 and Capital One
25 asserting infringement of the ’870 Patent, the ’759 Patent, and U.S. Patent Application Serial No.
26 16/298,537, which has since issued as U.S. Patent No. 10,958,682. In its Complaint, SunStone

27

28 ¹ Since the filing of the Complaint, Application Serial No. 16/298,537 issued as U.S. Patent No.
10,958,682. SunStone moved to amend its Complaint to allege the ’682 Patent (Dkt. No. 56).

1 alleges that F5 and Capital One directly and indirectly infringe the Asserted Patents by making,
 2 using, selling, or offering to sell “Shape Connect, ShapeShifter Elements, Shape Defense, Shape
 3 Enterprise Defense, Shape AI Fraud Engine, and Silverline Shape Defense and other solutions
 4 with the same or similar features.” *See, e.g.*, Dkt. 1 at ¶ 206. The infringement allegations
 5 directed to Capital One are based on it being a F5 customer utilizing the accused products. The
 6 accused products were designed and developed by Shape Security, Inc., a company founded in
 7 2011 to disrupt automated attacks on web and mobile applications. F5 acquired Shape in
 8 January 2020.

9 F5 filed its Answer and Counterclaims on March 19, 2021. *See* Dkt. 25. Capital One
 10 also filed its Answer and Affirmative Defenses on March 19, 2021. *See* Dkt. 26. Capital One is
 11 a customer of F5. As such, Capital One does not have any information relevant to SunStone’s
 12 claim of infringement. *See, e.g.*, Dkt. 25 at ¶ 189. F5 and Capital One deny that they or any of
 13 their accused products infringes or has infringed any claim of the Asserted Patents. F5 and
 14 Capital One further deny that SunStone is entitled to any monetary and/or other relief
 15 whatsoever. F5 contends the Asserted Patents are invalid. SunStone’s allegations of
 16 infringement are unsupported by fact or law and are completely without merit; and this case is
 17 exceptional under 35 U.S.C. § 285 and F5 should receive an award of its attorneys’ fees and
 18 costs incurred in connection with this action. On January 26, 2022, F5 filed petitions for *Inter*
 19 *Partes* Review of the ’870 Patent, the ’759 Patent, and the ’682 Patent with the U.S. Patent and
 20 Trademark Office. *See* IPR2022-00482, IPR2022-00483, IPR2022-00484. The U.S. Patent
 21 Trial and Appeal Board’s (“PTAB”) institution decision is expected by July 26, 2022.

22 **3. Legal Issues**

23 **a. Plaintiff’s Statement**

24 This case raises at least the following legal issues: (1) Whether F5 and/or Capital One
 25 directly infringes one or more claims of the Asserted Patents; (2) Whether F5 and/or Capital One
 26 induced infringement of one or more claims of the Asserted Patents; (3) Whether F5 and/or
 27 Capital One contributed to infringement of one or more claims of the Asserted Patents; (4)
 28 Whether the Asserted Patents are valid under 35 U.S.C. §§ 101, 102, 103 and/or 112; (5)

1 Assuming liability, the amount of damages owed to SunStone by F5 and/or Capital One for their
 2 infringement; (6) Assuming liability, whether F5 and/or Capital One's infringement was willful
 3 under 35 U.S.C. § 285; (7) Assuming liability, whether SunStone SunStone is entitled to
 4 injunctive relief; and (8) Whether this is an exceptional case entitling SunStone to reasonable
 5 attorneys' fees, costs, and disbursements pursuant to 35 U.S.C. § 285, 28 U.S.C. § 1927, or any
 6 other applicable authority.

7 **b. Defendants' Statement**

8 This case raises at least the following legal issues: (1) Whether Sunstone has the
 9 necessary rights in the Asserted Patents to have standing to bring this lawsuit; (2) Whether F5
 10 and/or Capital One directly infringes one or more claims of the Asserted Patents; (3) Whether F5
 11 and/or Capital One induced infringement of one or more claims of the Asserted Patents; (4)
 12 Whether F5 and/or Capital One contributed to infringement of one or more claims of the
 13 Asserted Patents; (5) Whether the Asserted Patents are valid under 35 U.S.C. §§ 101, 102, 103
 14 and/or 112; (6) Whether, assuming liability, SunStone suffered any damages provided for by 35
 15 U.S.C. § 284 and whether any such damages are limited under 35 U.S.C. § 287; (7) Whether
 16 SunStone can show sufficient facts to establish willfulness under 35 U.S.C. § 285; (8) Whether
 17 SunStone can show sufficient facts to establish the necessary requirements for injunctive relief;
 18 (9) Whether SunStone's claims are barred under any equitable doctrine; (10) Whether
 19 SunStone's claims for relief are barred in whole or in part by an express or implied license,
 20 and/or the patent exhaustion doctrine; and (11) Whether this is an exceptional case entitling F5
 21 and/or Capital One to reasonable attorneys' fees, costs, and disbursements pursuant to 35 U.S.C.
 22 § 285, 28 U.S.C. § 1927, or any other applicable authority.

23 **4. Motions**

24 **a. Plaintiff's Statement**

25 SunStone filed an unopposed motion to amend its complaint (Dkt. No. 56). As stated
 26 above and in its supporting memorandum (Dkt. No. 57), since the filing of the Complaint, U.S.
 27 Application Serial No. 16/298,537 issued as U.S. Patent No. 10,958,682 and SunStone seeks to
 28 assert the '682 Patent in place of the '537 Application. The Motion is still pending.

1 SunStone anticipates filing a motion for summary judgment at the close of discovery in
2 this case, or at such other time as the Court may permit. SunStone does not currently intend to
3 file any other dispositive motions but reserves the right to do so.

4 **b. Defendants' Statement**

5 **A Stay Pending Completion of the IPRs Is the Most Efficient Course**

6 As discussed above, the Asserted Patents are subject to multiple IPRs, filed on January
7 26, 2022. IPR institution decisions are thus expected by July 26, 2022. The outcomes of the filed
8 IPRs will have material impacts on the invalidity issues presented in this case. It would be most
9 efficient to stay the case until all pending IPRs are resolved. Such a stay will avoid potentially
10 conflicting constructions and applications of relevant claim language, sidestep multiple rounds of
11 depositions and discovery motions regarding common/overlapping issues, and prevent
12 potentially needless litigation effort as to patents that may be declared invalid.

13 **Other Motions**

14 The parties have agreed to stay SunStone's claims against Capital One pending the
15 outcome of the F5 litigation, mooted Capital One's pending Motion to Sever and Stay. The
16 parties will file a joint motion and/or stipulation on this issue.

17 F5 anticipates filing a motion contesting the eligibility of the asserted patents under 35
18 U.S.C. § 101. F5 also expects filing motions for summary judgment at the close of fact
19 discovery.

20 **5. Amendment of Pleadings**

21 On October 7, 2021, SunStone filed its unopposed Motion to Amend its Complaint and
22 Supporting Memorandum while this case was pending in the Eastern District of Virginia (Dkt.
23 Nos. 56 and 57). The Motion to Amend is still pending.

24 **6. Evidence Preservation**

25 The Parties have reviewed the Guidelines Relating to the Discovery of Electronically
26 Stored Information ("ESI Guidelines") and are conferring pursuant to Fed. R. Civ. P. 26(f)
27 regarding reasonable and proportionate steps taken to preserve evidence relevant to the issues
28 reasonably evident in this action.

1 **7. Disclosures**

2 The Parties intend to exchange the initial disclosures required by Fed. R. Civ. P. 26 on
3 March 28, 2022. SunStone will serve the disclosures required by Patent Local Rule 3-1, on
4 March 28, 2022, and Defendants will serve the disclosures required by Patent Local Rule 3-3 on
5 May 12, 2022.

6 **8. Discovery**

7 The Parties have not begun discovery and are in the process of meeting and conferring
8 on the parameters associated with the production of electronically stored information (“ESI”).

9 The parties will be working toward reaching agreement on a protective order based on the
10 N.D. Cal. Model. Discovery is anticipated to include relevant employees of the parties and
11 various third parties. The parties will submit an e-discovery order in accordance with the Court’s
12 Local Rules. At this time, there are no identified discovery disputes.

13 The Parties propose that discovery be conducted in two phases, fact and expert, as
14 reflected in the proposed schedule attached as Exhibit 1.

15 **a. Discovery Limitations**

16 Email Production

17 The parties agree to meet and confer in good faith prior to seeking discovery of emails
18 regarding such discovery (including appropriate limits on custodians and search terms).

19 Other Limits on Discovery

20 The parties agree to the limits set forth in the Federal Rules of Civil Procedure. The
21 parties further propose to modify the scope of discovery as follows:

22 *Requests for Admission*

23 Each Party is limited to twenty-five (25) requests for admission, excluding those directed
24 solely to authenticating exhibits for trial.

25 *Depositions*

26 Each Party is limited to seventy (70) hours of deposition, and no more than twenty (20)
27 total depositions, excluding experts. Depositions will be limited to seven (7) hours pursuant to
28 the Federal Rules. A party shall be entitled to seven (7) hours of deposition time for each

1 separate witness designated under Rule 30(b)(6) regardless of whether such witness has been, or
 2 will be, deposed under Rule 30(b)(1). The parties may agree to additional time (greater than
 3 seven (7) hours) for any witness. Expert witness depositions will not count against the deposition
 4 time or number limits described above. Expert witness depositions will be limited to seven (7)
 5 hours per report served.

6 Privilege Log

7 The parties need not log privileged communications related to the litigation that postdate
 8 the filing of SunStone's Complaint.

9 Voicemails and Mobile Devices

10 Voicemails and information stored on mobile devices need not be collected or preserved

11 **b. Topics Required Under Patent Local Rule 2-1.**

12 **1. Proposed modification of obligations or deadlines set forth in the** 13 **Patent Local Rules.**

14 The parties have set forth a proposal concerning the timing of the required Patent L.R.
 15 disclosures as set forth in Section 17 ("Scheduling").

16 **2. The scope and timing of any claim construction discovery (including** 17 **disclosure of and discovery from any expert witness permitted by the** 18 **Court) and damages discovery.**

19 The parties' proposal concerning the timing of claim construction and damages discovery
 20 are set forth below in Section 17 ("Scheduling").

21 **3. The format of the Claim Construction Hearing, including whether the** 22 **Court will hear live testimony, the order of presentation, and the** 23 **estimated length of the hearing.**

24 The parties do not currently believe that live testimony will be necessary at the claim
 25 construction hearing. But as the case is at an early stage, the parties reserve the right to offer live
 26 testimony at the claim construction hearing. The parties are presently unsure of the length they
 27 would request for the claim construction hearing but expect approximately a half day.

28 **4. How the Parties intend to educate the Court on the technology at** **issue.**

The parties agree to a separate technology tutorial in accordance with the Court's
 standing order. F5 would like the option to have a technical specialist from F5 or expert witness

1 present the tutorial.

2 **5. Non-binding, good faith estimate of the damages range.**

3 **Plaintiff's Statement**

4 SunStone cannot provide a useful good faith estimate of the damages range expected for
5 this action at least because it has not yet received information from Defendants, Defendants'
6 affiliates, and Defendants' customers relating to prior licenses, sales and revenue data, and costs
7 associated with developing the patented technology. SunStone presumes that it will be in a
8 position to provide its damages estimate and explanation after it receives that information.

9 **Defendants' Statement**

10 SunStone is not entitled to any damages.

11 **c. Other Orders Under Fed. R. Civ. P. 26(c) and 16(b).**

12 The parties jointly request that a scheduling order issue setting the dates they propose in
13 Section 17 ("Scheduling").

14 **9. Class Actions**

15 The above-identified action is not a class action.

16 **10. Related Cases**

17 There is currently pending in the United States District Court for the Western District of
18 Texas, *SunStone Information Defense, Inc. vs. International Business Machines Corporation*,
19 6:20-cv-01033-ADA, which involves the '870 and '682 Patents asserted in this case. The
20 Western District of Texas issued a claim construction order in that case, fact and expert
21 discovery are closed, and the case is scheduled for trial beginning August 8, 2022.

22 In addition, on January 25, 2022, Defendant F5, Inc. petitioned the U.S. Patent and
23 Trademark Office for *Inter Partes* Review of the '870, '682, and '759 Patents asserted in this
24 case. See IPR2022-00482, IPR2022-00483, IPR2022-00484. The PTAB must determine
25 whether to institute a trial within six month of the filing date accorded by the PTAB. See 37
26 C.F.R. §§ 42.107(b) and 42.207(b); 35 U.S. Code § 314(b).

27 **11. Relief**

28 **a. Plaintiff's Statement**

1 SunStone seeks monetary damages for this infringement, 35 U.S.C. § 284, in no event
2 less than a reasonable royalty. SunStone also seeks a permanent injunction, 35 U.S.C. § 283,
3 precluding future infringement by Defendants. Because Defendants' infringement has been
4 willful, SunStone seeks treble damages under 35 U.S.C. § 284. Because this is an exceptional
5 case under 35 U.S.C. § 285, SunStone seeks its attorneys' fees, pre- and post-judgment interest,
6 and taxation of SunStone's costs to Defendants. SunStone asks for an award of any other and
7 further relief, including a permanent injunction, as the Court may deem just and proper.

8 **b. Defendants' Statement**

9 F5 and Capital One have not infringed, and are not infringing, any claim of the patents-
10 in-suit, whether directly or indirectly. In addition, the patents-in-suit are invalid. F5 and Capital
11 One seek a dismissal of SunStone's claims in their entirety and with prejudice and a finding that
12 SunStone takes nothing away from its complaint. F5 and Capital One also seek any appropriate
13 costs and attorneys' fees pursuant to 35 U.S.C. § 285 and such further relief as the Court may
14 deem appropriate under the circumstances.

15 **12. Settlement and ADR**

16 The Parties intend to participate, if necessary, in Mediation after this Court issues its
17 Claim Construction Order.

18 **13. Consent to Magistrate Judge for All Purposes**

19 The parties do not consent to having a Magistrate Judge conduct all further proceedings
20 including trial and entry of judgement.

21 **14. Other References**

22 The Parties do not believe that this case is suitable for reference to binding arbitration, a
23 special master, or the Judicial Panel on Multidistrict Litigation.

24 **15. Narrowing of Issues**

25 The Parties will continue to seek to narrow the disputed legal issues through the Patent
26 Local Rule disclosure requirements, written discovery, depositions, and motions practice,
27 including motions for summary judgement.
28

1 **16. Expedited Trial Procedure**

2 The Parties do not believe that this is the type of case that can be handled under the
3 Expedited Trial Procedure of General Order 64, Attachment A.

4 **17. Scheduling**

5 The parties proposed schedule is attached as **Exhibit 1**.

6 **18. Trial**

7 The parties estimate a jury trial will require approximately 7 court days.

8 **19. Disclosure of Non-party Interested Entities or Persons**

9 The parties have each filed the Certification of Interested Entities or Person required by
10 Civil Local Rule 3-15 and the Corporate Disclosure Statement required by Rule 7.1 of the
11 Federal Rules of Civil Procedure.

12 **20. Professional Conduct**

13 All attorneys of record for the Parties have reviewed the Guidelines for Professional
14 Conduct for the Northern District of California.

15 **21. Other**

16 The parties consent to e-mail service pursuant to Federal Rules of Civil Procedure
17 5(b)(2)(E). The parties may continue to serve by any permissible method of their choice. This
18 agreement does not require separate service of documents filed on ECF, service of which shall
19 continue to be effective on the parties. The parties agree that a courtesy copy of any document to
20 be served by a method other than e-mail or ECF will be sent to the attorneys of record for the
21 receiving party by e-mail on the date service is made. The parties are not presently aware of any
22 other matters at this time that may facilitate the just, speedy, and inexpensive resolution of this
23 matter.

1 Dated: March 7, 2022

Respectfully submitted,

2 DICKINSON WRIGHT PLLC

KING & SPALDING LLP

3
4 /s/ Christopher E. Hanba

Christopher E. Hanba

/s/ David Shane Brun

David Shane Brun

5 Christopher E. Hanba (admitted pro hac vice)

6 Email: chanba@dickinson-wright.com

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Telephone: (512) 770-4200

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Mark H. Rogge (State Bar No. 298381)

Email: mrogge@dickinson-wright.com

12 Dino Hadzibegovic (State Bar No. 267489)

DICKINSON WRIGHT RLLP

13 800 W. California Avenue, Suite 110

Sunnyvale, CA 94086

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15 Facsimile: (844) 670-6009

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Email: atarasi@kslaw.com

KING & SPALDING LLP

1401 Lawrence Street, Suite 1900

Denver, CO 80220

Telephone: (720) 535-2319

16 *Attorneys for Plaintiff*

SunStone Information Defense Inc.

Attorneys for Defendants

F5, Inc. and Capital One Financial Corporation

SIGNATURE ATTESTATION

Pursuant to Civil Local Rule 5-1(i)(3), I hereby attest that concurrence in the filing of this document has been obtained from each of the other signatories.

Dated: March 7, 2022

DICKINSON WRIGHT PLLC

By: /s/ Christopher E. Hanba
Christopher E. Hanba (admitted *pro hac vice*)

Attorneys for Plaintiff SunStone Information
Defense, Inc.

CASE MANAGEMENT ORDER

The above JOINT CASE MANAGEMENT STATEMENT & PROPOSED ORDER is approved as the Case Management Order for this case and all parties shall comply with its provisions.

IT IS SO ORDERED

Dated: _____

HONORABLE Yvonne Gonzalez Rogers
UNITED STATES DISTRICT COURT JUDGE